

the Court in order to apprise the Court of the current status of the adversary proceeding against the Debtors styled *Craig Smith et al. v. Party City Holdco, Inc. et al.*, Adv. Pro. No. 24-03277 (ARP) (Bankr. S.D. Tex.) (the “**Smith WARN Adversary Proceeding**”), including a summary of the parties’ meeting for purposes of Rule 7026 and outcomes therefrom.

The Debtors and the Smith Plaintiffs have been in continuous communication over the last several weeks regarding the status of the Smith WARN Adversary Proceeding and the motions anticipated to be filed in that case and the parties are mindful of the need to minimize costs of this litigation to the Debtors’ estates for the benefit of all stakeholders.

The Smith Plaintiffs are also planning to file a motion for class certification. As the Court is aware, a second adversary proceeding against the Debtors is currently pending with overlapping claims and issues to the Smith WARN Adversary Proceeding, including a competing request for class certification by the Plaintiffs in that case. *See Gwendolyn Hanlon, et al. v. Part City Holdco, Inc., et al.*, Adv. Pro. No. 24-03273 (ARP) (Bankr. S.D. Tex.) (the “**Hanlon WARN Adversary Proceeding**”).

The Debtors and the Smith Plaintiffs have attempted to convene pursuant to Rule 7026(f) of the Federal Rules of Bankruptcy Procedure, including a meeting via Zoom on Wednesday, March 19, 2025; however, the parties agree that development of a proposed discovery plan at this time would be premature and wasteful of the Debtors’ limited resources prior to resolution of the Debtors’ forthcoming motion to dismiss, the Smith Plaintiffs’ forthcoming motion for class certification, and the competing request for class certification currently pending in the Hanlon WARN Adversary Proceeding.

The Debtors and the Smith Plaintiffs are in agreement that efforts should be made to conserve the resources of the Court and the Debtors. To that end they agree that discovery deadlines and disputes should be held in abeyance until after the motions for class certification are fully briefed and decided. However, they disagree on the following issues.

Debtors' Position

The Debtors do not believe it is necessary or appropriate to respond to the Smith Plaintiffs' forthcoming motion for class certification in light of the already-pending motion for class certification in the Hanlon WARN Adversary Proceeding, and ask that the Court stay the Debtors' response deadline to any such motion.

Smith Plaintiffs' Position

The Smith Plaintiffs strongly oppose any stay or delay in the Debtors' response to their motion for class certification – as that will only result in further delay in the Court's ability to decide on class certification, as both *Hanlon* and *Smith* are seeking certification of the same or a substantially similar class. The Smith Plaintiffs propose that the Court set a briefing schedule with the Debtors' response to their motion for class certification, if any, to be filed on or before April 10, 2025, with the Smith Plaintiffs' Reply be due on Monday April 22, 2025².

In the interest of conserving the Debtors resources without delaying the litigation of this action, the Smith Plaintiffs suggest the following discovery protocol be followed during the briefing period: the Smith Plaintiffs shall produce to the Debtors those documents that their clients have provided to them that appear to be relevant to the claims or defenses of the parties and the Debtors shall produce to the Smith Plaintiffs the documents and discovery responses that they have already produced or subsequently produce in the Hanlon WARN Proceeding.

² Because Passover starts on the night of April 12, 2025, and ends on April 20, 2025, and Easter also falls on April 20, 2025, Plaintiffs are suggesting this longer period to complete their reply.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that, on this 21st day of March, 2025, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas.

/s/ David Harrison
David Harrison